GOVERNMENT OF INDIA
SMALL SCALE INDUSTRIES
LOK SABHA

UNSTARRED QUESTION NO:2083
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ROLE OF SSI`s IN INDIAN ECONOMY
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Will the Minister of SMALL SCALE INDUSTRIES be pleased to state:

(a) whether small scale industry sector has played a vital role in building the Indian economy;

(b) if so, the details thereof;

(c) the share of tiny cottage and small scale industries in the total industrial production of the country for the years 2001-02 and 2002-03;

(d) the contribution of these industries in the total exports of the country;

(e) whether the Union Government has provided any financial assistance to these industries and initiated any employment generated programmes under these industries;

(f) if so, the details thereof, State-wise;

(g) whether it is a fact that the reform process has weakened the small scale industry sector;

(h) if so, the details thereof; and

(i) if not, the manner in which the structural reforms have strengthened these industries so far as their economic viability is concerned?

Answer

MINISTER OF STATE FOR SMALL SCALE INDUSTRIES AND DEVELOPMENT OF NORTH-EASTERN REGION (SHRI SIKDAR)

(a) & (b): The Small Scale Industry sector has been playing avital role in building the Indian economy. It accounts for 39% of the industrial output, 34% of national exports and provides employment to nearly 20 million persons in over 3.53 million units spread all over the country.

(c): As per the data available from National accounts Statistics,the share of small scale industries including tiny and cottage units in the total industrial production of the country was 46.85% in 2001-02 (latest available).

(d): Out of the total national exports of Rs. 2,07,745 crores in2001-02,the contribution of small scale and tiny industries was Rs. 71,244 crores (latest available) and Coir and Khadi and Village Industries Sector was Rs. 335 crores.

(e) & (f): The Central Government provides various supportmeasures to SSI sector in the form of credit under Priority SectorLending, providing collateral-free loans under the Credit Guarantee Scheme, excise exemption to SSI units, financialassistance for acquiring ISO 9000/ 14001 certification, foradopting bar coding by EAN India and for technology upgradationunder the Credit-Linked Capital Subsidy Scheme etc. while thedevelopment of the SSIs is primarily the responsibility of theState/UT Governments, the Central Government supports and supplements the efforts of the State/UT Governments throughimplementation of various Schemes/ Programmes uniformly throughout the country for which allocation of funds is made Scheme/ Programme-wise and not State-wise. Apart from the above, there are two employment specific programmes in cottage and tiny sector. These are Prime Minister`s Rozgar Yojana (PMRY) and RuralEmployment Generation Programme (REGP). State-wise financialassistance from the Union Government in respect of these two schemes for 2001-02 and 2002-03 are given at Annexure-I and II, respectively.

(g) to (i): The process of economic reforms including liberalisation and globalisation have no doubt increased the competition for the SSI sector, but at the same time they havealso brought new opportunities in the form of greater access to international market, access to raw material, improved technology etc.

The support extended by the Government to the small industries has been strengthened through the Comprehensive Policy Package for the Small Scale Industries and Tiny Sector announced by theHon`ble Prime Minister on 30th August, 2000, which aims to ensure enhanced fiscal and credit support, better infrastructural and marketing facilities and incentives for technology upgradation. The incentives under the Policy Package and those announced by Government thereafter have helped in strengthening the small scale and tiny units in the country and enhance their competitiveness both domestically and globally. As a result, the SSI sector has consistently maintained a higher rate of growth than the overall industrial sector in the past few years.